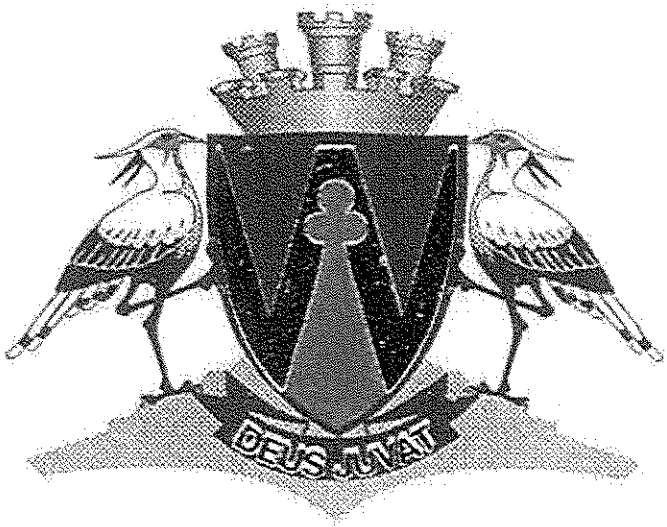
CENTRAL KAROO
DISTRICT MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

CENTRAL KAROO Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The CENTRAL KAROO Municipality includes the following municipal areas:

Beaufort West
Prince Albert
Laingsburg
Merweville
Murraysburg

MUNICIPAL MANAGER

Mr. S. Jooste

CHIEF FINANCIAL OFFICER

Mr. N.W. Nortjé

REGISTERED OFFICE

63 Donkin Street, Beaufort West, 6970

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

First National Bank, Beaufort West
ABSA , Beaufort West

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

CENTRAL KAROO DISTRICT MUNICIPALITY

MEMBERS OF THE CENTRAL KAROO DISTRICT MUNICIPALITY

COUNCILLORS

Mayor	E.Z. Njadu
Deputy Mayor	E. Maans
Speaker	J. Bostander
Councillor	I.J. Windvogel
Councillor	M.S. Hangana
Councillor	M. Furmen
Councillor	G. de Vos
Councillor	J.G. Mocke
Councillor	S. Botes
Councillor	B.J. van As
Councillor	A.M. Slabbert
Councillor	S. Nortje
Councillor	A.D. Willemse

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2014, which are set out on pages 1 to 77 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2014 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. S. Jooste
Accounting Officer

29 August 2014
Date

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R (Actual)	2013 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		**(6,343,011)**	**(9,148,040)**
Accumulated Surplus/(Deficit)		(6,343,011)	(9,148,040)
Non-Current Liabilities		**15,298,672**	**14,237,802**
Long-term Liabilities	2	42,926	105,009
Employee benefits	3	15,255,746	14,132,793
Current Liabilities		**9,988,708**	**11,417,290**
Current Employee benefits	4	2,949,777	3,278,585
Payables from exchange transactions	5	5,723,477	6,356,269
Unspent Conditional Government Grants and Receipts	6	1,253,371	1,730,138
Taxes	7	-	-
Current Portion of Long-term Liabilities	2	62,083	52,298
Total Net Assets and Liabilities		**18,944,369**	**16,507,052**
ASSETS			
Non-Current Assets		**12,460,705**	**11,432,487**
Property, Plant and Equipment	8	4,061,012	4,071,042
Intangible Assets	9	48,296	80,429
Non-Current Investments	10	-	-
Long-Term Receivables	11	8,351,397	7,281,016
Current Assets		**6,483,665**	**5,074,566**
Inventory	12	1,133,984	879,256
Receivables from exchange transactions	14	-	1,315,640
Receivables from non-exchange transactions	13	126,543	205,497
Unpaid Conditional Government Grants and Receipts	6	154,108	147,022
Taxes	7	11,275	154,850
Current Portion of Long-term Receivables	11	501,706	541,268
Cash and Cash Equivalents	16	4,556,048	1,831,033
Total Assets		**18,944,369**	**16,507,052**

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Restated) R	Correction of error R	2013 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**21,128,136**	**20,217,923**	**(27,138,597)**	**47,356,519**
Transfer Revenue		**21,128,136**	**20,217,923**	**(27,137,117)**	**47,355,039**
Government Grants and Subsidies - Operating	17	21,128,136	20,217,923	(27,137,117)	47,355,039
Other Revenue		**-**	**-**	**(1,480)**	**1,480**
Internal Charges		-	-	(1,480)	1,480
Revenue from Exchange Transactions		**38,972,645**	**31,661,030**	**27,325,012**	**4,336,018**
Rental of Facilities and Equipment		45,464	48,423	(47,217)	95,640
Interest Earned - external investments		177,620	98,956	-	98,956
Department of Transport - Roads Service Charges		34,595,109	27,137,117	27,137,117	-
Licences and Permits		41,240	19,540	-	19,540
Agency Services	18	3,053,380	2,892,849	-	2,892,849
Other Income	19	1,059,832	1,464,145	235,112	1,229,033
Gain on disposal of Property, Plant and Equipment		-	-	-	
Total Revenue		**60,100,781**	**51,878,952**	**186,415**	**51,692,537**
EXPENDITURE					
Employee related costs	20	7,939,814	8,880,199	1,078,017	7,802,182
Remuneration of Councillors	21	2,978,251	3,214,189	-	3,214,189
Debt Impairment	22	152,479	281,529	-	281,529
Depreciation and Amortisation	23	339,637	613,373	-	613,373
Impairments	24	442,342	256,417	-	256,417
Repairs and Maintenance		53,955	69,811	-	69,811
Actuarial losses	3	452,689	324,718	-	324,718
Finance Charges	25	704,395	1,035,600	-	1,035,600
Contracted services		211,206	640,956	-	640,956
Grants utilised		-	-	(27,015,073)	27,015,073
General Expenses	26	43,967,425	37,398,845	25,783,587	11,308,320
Loss on disposal of Property,Plant and Equipment		53,558	86,748	-	86,748
Total Expenditure		**57,295,752**	**52,802,385**	**(153,469)**	**52,648,916**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**2,805,029**	**(923,433)**	**339,884**	**(956,378)**

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2012	**(8,200,345)**	**(8,200,345)**
Correction of error note 28.5	(24,263)	(24,263)
Restated Balance at 1 JULY 2012	**(8,224,608)**	**(8,224,608)**
Net Deficit for the year	(923,433)	(923,433)
Balance at 30 JUNE 2013	**(9,148,040)**	**(9,148,040)**
Net Surplus for the year	2,805,029	2,805,029
Balance at 30 JUNE 2014	**(6,343,011)**	**(6,343,011)**

CENTRAL KAROO DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 JUNE 2014 (ACTUAL) R	30 JUNE 2013 (RESTATED) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		40,180,715	26,383,538
Government		20,644,282	21,317,762
Interest		177,620	98,956
Payments			
Suppliers and employees		(57,407,767)	(45,464,821)
Finance charges	25	(24,162)	(34,010)
Cash generated by operations	29	**3,570,688**	**2,301,425**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(378,378)	(68,442)
Proceeds on Disposal of Fixed Assets		46,100	156,471
Purchase of Intangible Assets		(18,755)	-
Decrease/(Increase) in Non-current Investments	10	(442,342)	(237,634)
Net Cash from Investing Activities		**(793,375)**	**(149,605)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(52,298)	(56,453)
Net Cash from Financing Activities		**(52,298)**	**(56,453)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,725,015**	**2,095,367**
Cash and Cash Equivalents at the beginning of the year		1,831,033	(264,336)
Cash and Cash Equivalents at the end of the year	32	4,556,048	1,831,033
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,725,015**	**2,095,367**

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
ASSETS					
Current assets					
Cash & Call investment deposits	4,556,048	2,139,364	2,416,684	113%	Due to better cash flow position of council.
Other current assets	501,706	-	501,706	100%	Roads employee benefits will be budgeted for in the adjustment budgeted in January 2015
Other Receivables	291,927	2,549,013	(2,257,086)	-89%	Amount reduced with unpaid grants and taxes.
Inventory	1,133,984	879,256	254,728	29%	Not material. Current stock more than previous year.
Total current assets	6,483,665	5,567,632	916,032	16%	
Non current assets					
Property, plant and equipment	4,061,012	4,014,033	46,979	1%	Not material
Other non current assets	8,351,397	7,281,016	1,070,381	15%	Increase due to actuarial valuation that exceeded the budgeted amount.
Intangible Assets	48,296	80,429	(32,133)	-40%	Not material. Disposal of Case Ware and Board Asset count software.
Total non current assets	12,460,705	11,375,478	1,085,227		
TOTAL ASSETS	18,944,370	16,943,111	2,001,259		
LIABILITIES					
Current liabilities					
Taxes	-	-	-	100%	Not material. SARS incorrectly penalised certain periods. Under investigation.
Borrowing	62,083	52,298	9,785	19%	Not material.
Trade and other payables	6,976,848	7,462,211	(485,363)	-7%	Due to better cash flow position of council
Provisions and Employee Benefits	2,949,777	3,278,585	(328,808)	-10%	Decrease due to actuarial valuation that are less than the budgeted amount.
Total current liabilities	9,988,708	10,793,094	(804,386)		
Non current liabilities					
Borrowing	42,926	52,711	(9,785)	-19%	Not material.
Provisions and Employee Benefits	15,255,746	14,246,900	1,008,846	7%	Increase due to actuarial valuation that exceeded the budgeted amount.
Total non current liabilities	15,298,672	14,299,611	999,061		
TOTAL LIABILITIES	25,287,380	25,092,705	194,675		
NET ASSETS	(6,343,011)	(8,149,595)	1,806,584		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(6,343,011)	(8,149,594)	1,806,583		
Reserves	-	-	-		
TOTAL COMMUNITY WEALTH/EQUITY	(6,343,011)	(8,149,594)	1,806,583		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
ASSETS					
Current assets					
Cash	4,136,699	(3,353,339)	783,360	-81%	Due to better casshflow position of council at year end.
Call investment deposits	1,356,000	4	1,356,004	0%	Not material.
Consumer debtors	-	390,232	390,232	100%	Trade receivables split to indicate other local authorities and provincial departments.
Other Receivables	1,393,491	765,290	2,158,781	55%	Roads employee benefits taken into account.
Inventory	1,264,629	(385,373)	879,256	-30%	Decrease due to less stock carried at year end.
Total current assets	8,150,820	(2,583,187)	5,567,632		
Non current assets					
Property, plant and equipment	3,633,614	380,419	4,014,033	10%	Increase due to additions budgeted for. Two new motor vehicles purchased.
Other non current assets	-	7,281,016	7,281,016	100%	
Intangible Assets	47,406	33,023	80,429	70%	Not material. Additions budgeted for. New Software for office computers.
Total non current assets	3,681,020	7,694,458	11,375,478	209%	
TOTAL ASSETS	11,831,840	5,111,271	16,943,111	43%	
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-		
Borrowing	78,000	(25,702)	52,298	-33%	Not material. One finance lease expired.
Consumer deposits	-	-	-		
Trade and other payables	8,616,815	(1,154,604)	7,462,211	-13%	Decrease due to less unspent grants as well as better cash flow.
Provisions and Employee Benefits	2,264,542	1,014,043	3,278,585	45%	Increase due to actuarial valuation that exceeded the budgeted amount.
Total current liabilities	10,959,357	(166,263)	10,793,094		
Non current liabilities					
Borrowing	-	52,711	52,711	100%	Not material. Finance leases budgeted for correctly in the adjustment budget.
Provisions and Employee Benefits	12,231,020	2,015,880	14,246,900	16%	Decrease due to actuarial valuation that are less than the budgeted amount.
Total non current liabilities	12,231,020	2,068,591	14,299,611		
TOTAL LIABILITIES	23,190,377	1,902,329	25,092,705		
NET ASSETS	(11,358,537)	3,208,942	(8,149,595)		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(11,358,537)	3,208,942	(8,149,594)		
Reserves	-	-	-		
TOTAL COMMUNITY WEALTH/EQUITY	(11,358,537)	3,208,942	(8,149,594)		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
REVENUE BY SOURCE					
Rental of facilities and equipment	45,464	120,000	(74,536)	-62%	Not material. Due to vacant office space.
Interest earned - external investments	177,620	180,000	(2,380)	-1%	Not material.
Licences and permits	41,240	-	41,240	100%	Not material. Change in legislation lead to increase in licensing of informal businesses.
Agency services	3,053,380	3,426,520	(373,140)	-11%	Decrease due to assumption of flood support from PT increasing agency services fee.
Government Grants and Subsidies - Operating	21,128,136	23,234,096	(2,105,960)	-9%	Decrease in Revenue due to decrease in Work for water subsidy and increase PT grant unspent.
Other revenue	35,654,941	30,935,859	4,719,082	15%	Increase in Other revenue due to Roads flood damage additional subsidy from PT.
Total Operating Revenue	60,100,781	57,896,475	2,204,306	4%	
EXPENDITURE BY TYPE					
Employee related costs	7,939,814	10,169,297	(2,229,483)	-22%	Decrease in Employee related costs due to vacant posts as well as employee costs transferred to Roads.
Remuneration of councillors	2,978,251	3,100,000	(121,749)	-4%	Not material.
Impairment	442,342	-	442,342	100%	Impairment of CKEDA loan not budgeted for.
Depreciation & asset impairment	339,637	387,009	(47,372)	-12%	Not material. Additional disposals lead to decrease in depreciation.
Finance charges	704,395	504,085	200,310	40%	Not material. Decrease in finance leases.
Contracted services	211,206	-	211,206	100%	Contracted services budgeted for under general expenses.
Other expenditure	44,680,107	42,728,956	1,951,151	5%	Employee cost transferred to Roads. Interest on Employee benefits increased as per actuarial valuation reports.
Loss on disposal of PPE	-	-	-		
Total Operating Expenditure	57,295,752	56,889,347	406,405	1%	
Operating Surplus for the year	2,805,029	1,007,128	1,797,900		
Government Grants and Subsidies - Capital	-	-	-		
Net Surplus for the year	2,805,029	1,007,128	1,797,900		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
REVENUE BY SOURCE					
Rental of facilities and equipment	105,000	15,000	120,000	14%	Not material.
Interest earned - external investments	115,000	65,000	180,000	57%	Not material.
Agency services	3,348,020	78,500	3,426,520	2%	Not material.
Government Grants and Subsidies - Operating	50,959,283	(27,725,187)	23,234,096	-54%	Roads taken out of government grants and subsidies and transferred to Other revenue.
Other revenue	(1,187,615)	32,123,474	30,935,859	-2705%	Roads taken out of government grants and subsidies and transferred to Other revenue.
Total Operating Revenue	53,339,688	4,556,787	57,896,475		
EXPENDITURE BY TYPE					
Employee related costs	9,805,385	363,912	10,169,297	4%	Additional budgeted for Internal Auditor and creditor's clerk.
Remuneration of councillors	3,160,000	(60,000)	3,100,000	-2%	Not material.
Depreciation & asset impairment	394,509	(7,500)	387,009	-2%	Not material.
Finance charges	886,583	(382,498)	504,085	-43%	Finance leases decreased as well as interest on overdraft facility.
Contracted services	1,020,000	(1,020,000)	-	-100%	Contracted services budgeted for under other expenditure.
Other expenditure	35,381,134	7,347,822	42,728,956	21%	Fluid Damage subsidy from roads as well as contracted services budgeted under other expenditure.
Total Operating Expenditure	50,647,611	6,241,736	56,889,347		
Operating Surplus/(Deficit) for the year	2,692,077	(1,684,949)	1,007,128		
Government Grants and Subsidies - Capital	-	-	-		
Net Surplus/(Deficit) for the year	2,692,077	(1,684,949)	1,007,128		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	40,180,715	32,995,222	7,185,493	22%	Increase in expenditure due to fluid damage subsidy.
Government - operating	20,644,282	24,417,636	(3,773,354)	-15%	Decrease due to unspent grants reduced.
Interest	177,620	180,000	(2,380)	-1%	Not material.
Payments			-		
Suppliers and Employees	(57,407,767)	(55,689,151)	(1,718,616)	3%	Decrease due to vacant positions not filled, thereby decreasing employee costs. Trade payables also decreased due to better controls.
Finance charges	(24,162)	(1,269,081)	1,244,919	-98%	Not budgeted for correctly.
Transfers and Grants	-	-	-		
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,570,688	634,626	2,936,062	463%	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of Assets	46,100	-	46,100	100%	Not material. Mayor's vehicle written off during the current financial year.
Decrease/(increase) in non-current receivables	-	-	-		
Decrease/(increase) in non-current investments	(442,342)	-	(442,342)	100%	CKEDA impairment not budgeted for.
Payments					
Capital assets	(397,133)	(330,000)	(67,133)	20%	Additional capital expenditure on IT equipment for compliance purposes.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(793,375)	(330,000)	(463,375)	140%	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing	(52,298)	(52,298)	-	0%	
Increase/(decrease) in consumer deposits	-	-	-		
Payments					
NET CASH FROM/(USED) FINANCING ACTIVITIES	(52,298)	(52,298)	-		
NET INCREASE/(DECREASE) IN CASH HELD	2,725,015	252,328	2,472,687		
Cash and Cash Equivalents at the beginning of the year	1,831,033	1,887,037	-56,004		
Cash and Cash Equivalents at the end of the year	4,556,048	2,139,365	2,416,683		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	4,214,523	28,780,699	32,995,222	683%	Increase in expenditure due to fluid damage subsidy.
Government - operating	48,936,268	(24,518,632)	24,417,636	-50%	Decrease due to Roads transferred from Grants to Other expenditure / Other revenue.
Interest	115,000	65,000	180,000	57%	Not material.
Payments					
Suppliers and Employees	(48,311,279)	(7,377,872)	(55,689,151)	15%	Decrease due to Roads transferred from Grants to Other expenditure / Other revenue.
Finance charges	(886,583)	(382,498)	(1,269,081)	43%	Decrease due to less finance leases.
Transfers and Grants	-	-	-		
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,067,929	(3,433,303)	634,626	-84%	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Decrease/(increase) in non-current investments	-	-	-		
Payments					
Capital assets	(330,000)	-	(330,000)	0%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(330,000)	-	(330,000)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing	(2,000)	(50,298)	(52,298)	2515%	Not material.
Increase/(decrease) in consumer deposits	-	-	-		
Payments					
Repayment of borrowing	-	-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2,000)	(50,298)	(52,298)		
NET INCREASE/(DECREASE) IN CASH HELD	3,735,929	(3,483,601)	252,328		
Cash and Cash Equivalents at the beginning of the year	1,756,770	130,267	1,887,037		
Cash and Cash Equivalents at the end of the year	5,492,699	(3,353,334)	2,139,365		

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework , have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts. The

municipality shall present an explanation of changes between an approved and final budget, by way of a note disclosure in terms of GRAP 24. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R 300,000.00.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 **(Revised – Nov 2010**	**Consolidated and Separate Financial Statements** The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of a Municipality as a single entity. No significant impact is expected as the Municipality already complies with most of the changes.	**Unknown**
GRAP 8 **(Revised – Nov 2010)**	**Interest in Joint Ventures** The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Municipality is not involved in any joint ventures.	**Unknown**
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.	**Unknown**

GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that an Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**Unknown**
GRAP 32 **(Original – Aug 2013)**	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No such transactions or events are expected in the foreseeable future.	**Unknown**
GRAP 105 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	**Unknown**
GRAP 106 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	**Unknown**
GRAP 107 **(Original – Nov 2010)**	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact is expected as the Municipality does not participate in such business transactions	**Unknown**

	and no such transactions or events are expected in the foreseeable future.	
GRAP 108 (Original – Sept 2013)	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
IGRAP 11	**Consolidation - Special Purpose Entities (SPE)** The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	**Unknown**
IGRAP 12	**Jointly Controlled Entities non-monetary contributions** The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2. Employee Benefits Reserve

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1. Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.15.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.15.3. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.15.4. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.5. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.7. Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

Asset Class	Asset Sub-grouping	Useful Life (Yrs)
Land	None	Indefinite
Buildings	None	11 – 30
Community Assets	Civic Buildings	30
Heritage	None	Indefinite
Other Assets	Machinery and Equipment	1 – 21
	Furniture and Office Equipment	3 – 100
	Motor Vehicles	5 - 21
	Computer Equipment	2 – 20

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;

- it is technically feasible to complete the intangible asset;

- the Municipality has the resources to complete the project;

- it is probable that the Municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5 - 11

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. NON-CURRENT ASSETS HELD FOR SALE

1.19.1. Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.19.2. Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit

losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2. *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4. *Non-Current Investments*

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3. De-recognition of Financial Instruments

1.22.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.23.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the

consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties.

Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

1.29.1. Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.29.2. Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.29.3. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;

- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.29.4. Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.29.5. Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.29.6. Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29.7. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.29.8. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

		2014 R	2013 R
2	**LONG-TERM LIABILITIES**		
	Capitalised Lease Liability - At amortised cost	105,009	157,307
		105,009	**157,307**
	Current Portion transferred to Current Liabilities	**62,083**	**52,298**
	Capitalised Lease Liability - At amortised cost	62,083	52,298
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**42,926**	**105,009**

Refer below for maturity dates of long term liabilities:

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	49,885	76,459
Payable within two to five years	87,498	123,912
Payable after five years	-	-
	137,383	200,372
Less: Future finance obligations	(32,374)	(43,065)
Present value of lease obligations	**105,009**	**157,307**
Book value of other assets secured by leases	126,828	177,377

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Gestetner	Copier	20%	0%	5 Years	30/11/2016
Gestetner	Copier	13%	0%	5 Years	30/11/2015

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

3	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 3.1	6,291,174	6,225,206
	Roads Post Retirement Benefits - Refer to Note 3.1	6,829,655	5,938,778
	Long Service Awards Roads - Refer to Note 3.2	972,716	846,514
	Long Service Awards Other - Refer to Note 3.2	613,175	626,571
	Ex - Gratia Roads - Refer to Note 3.3	549,026	495,724
	Total Non-current Employee Benefit Liabilities	**15,255,746**	**14,132,793**

	2014 R	2013 R
Post Retirement Benefits		
Balance 1 July	12,907,924	12,242,833
Contribution for the year	288,766	313,938
Interest Cost	1,025,568	873,246
Expenditure for the year	(743,940)	(699,120)
Actuarial Loss/(Gain)	416,187	177,027
Total post retirement benefits 30 June	**13,894,505**	**12,907,924**
Less: Transfer of Current Portion - Note 4	(773,676)	(743,940)
Balance 30 June	**13,120,829**	**12,163,984**
Long Service Awards		
Balance 1 July	1,667,640	1,416,840
Contribution for the year	126,225	114,154
Interest Cost	113,319	90,961
Expenditure for the year	(229,146)	(66,032)
Actuarial Loss/(Gain)	11,299	111,716
Total long service 30 June	**1,689,337**	**1,667,640**
Less: Transfer of Current Portion - Note 4	(103,446)	(194,551)
Balance 30 June	**1,585,891**	**1,473,089**
Ex - Gratia Benefits		
Balance 1 July	554,977	481,619
Interest Cost	42,000	37,383
Actuarial Loss/(Gain)	25,201	35,975
Total long service 30 June	**622,178**	**554,977**
Less: Transfer of Current Portion - Note 4	(73,152)	(59,253)
Balance 30 June	**549,026**	**495,724**
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Balance 1 July	15,130,541	14,141,292
Contribution for the year	414,991	428,093
Interest cost	1,180,887	1,001,591
Expenditure for the year	(973,086)	(765,152)
Actuarial Loss/(Gain)	452,687	324,718
Total employee benefits 30 June	**16,206,020**	**15,130,542**
Less: Transfer of Current Portion - Note 4	(950,274)	(997,744)
Balance 30 June	**15,255,746**	**14,132,793**

3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	25	25
Continuation members (e.g. Retirees, widows, orphans)	27	29
Total Members	**52**	**54**

The liability in respect of past service has been estimated to be as follows:

In-service members	4,650,142	3,713,071
Continuation members	9,244,363	9,194,853
Total Liability	**13,894,505**	**12,907,924**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Total Liability	**13.895**	**12.908**	**12.243**	**10.562**

Experience adjustments were calculated as follows:	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	0.353	0.602	-0.808	1.464
Assets: Gain / (loss)				

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth - Discovery.

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	8.74%	8.18%
Health Care Cost Inflation Rate	7.99%	7.39%
Net Effective Discount Rate	0.70%	0.73%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	16,206,020	15,130,542
Total Liability	**16,206,020**	**15,130,542**

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	12,907,924	12,242,833
Total expenses	570,394	488,065
Current service cost	288,766	313,938
Interest Cost	1,025,588	873,246
Benefits Paid	(743,940)	(699,120)
Actuarial (gains)/losses	416,187	177,027
Present value of fund obligation at the end of the year	13,894,505	12,907,924
Less: Transfer of Current Portion - Note 4	(773,676)	(743,940)
Balance 30 June	**13,120,829**	**12,163,984**

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		4,650,000	9,244,000	13,894,000	
Health care inflation	1%	5,637,000	10,193,000	15,830,000	14%
Health care inflation	-1%	3,866,000	8,427,000	12,293,000	-12%
Discount rate	1%	3,877,000	8,439,000	12,316,000	-11%
Discount rate	-1%	5,641,000	10,196,000	15,837,000	14%
Post-retirement mortality	-1yr	4,816,000	9,655,000	14,471,000	4%
Average retirement age	-1yr	5,006,000	9,244,000	14,250,000	4%
Withdrawal Rate	-10%	4,224,000	9,244,000	13,468,000	-3%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		288,800	1,025,600	1,314,400	
Health care inflation	1%	352,000	1,173,800	1,525,800	16%
Health care inflation	-1%	239,000	903,400	1,142,400	-13%
Post-retirement mortality	-1yr	298,500	1,068,600	1,367,100	4%
Average retirement age	-1yr	316,300	1,052,400	1,368,700	4%
Withdrawal Rate	-50%	310,300	1,048,200	1,358,500	3%

	2014 R	2013 R
3.2 Long Service Bonuses		
The Long Service Bonus plans are defined benefit plans.		
Roads	96	95
Other	19	22
As at year end, the following number of employees were eligible for Long Service Bonuses.	115	117

	2014 %	2013 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	7.91%	7.21%
General Salary Inflation (long-term)	7.07%	6.78%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.78%	0.41%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1,689,337	1,667,640
Net liability	1,689,337	1,667,640

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R	2011 R
Total Liability	1,689,337	1,667,638	1,416,839	856,956

Experience adjustments were calculated as follows:	2014	2013	2012	2011
Liabilities: (Gain) / loss	21,793	153,105	696,296	(70,261)
Assets: Gain / (loss)				

Reconciliation of present value of fund obligation:	2014 R	2013 R
Present value of fund obligation at the beginning of the year	1,867,640	1,416,840
Total expenses	10,398	139,084
Current service cost	126,225	114,154
Interest Cost	113,319	90,961
Benefits Paid	(229,146)	(66,032)
Actuarial (gains)/losses	11,299	111,716
Present value of fund obligation at the end of the year	1,689,337	1,667,640
Less: Transfer of Current Portion - Note 4	(103,446)	(194,551)
Balance 30 June	**1,585,891**	**1,473,089**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1,689,337	
General salary inflation	1%	1,793,000	6%
General salary inflation	-1%	1,595,000	-6%
Discount rate	1%	1,590,000	-6%
Discount rate	-1%	1,801,000	7%
Average retirement age	-2yr	1,427,000	-16%
Average retirement age	2yr	1,854,000	10%
Withdrawal rates	50%	1,907,000	13%

	2014	2013
3.3 Ex - Gratia Benefits		
The Ex - Gratia plans are defined benefit plans.		
Roads	19	19
As at year end, the following number of employees were eligible for Long Service Bonuses.	19	19

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	8.50%	7.99%
Benefit increase rate (CPI Inflation)	6.34%	5.72%
Net Effective Discount Rate	2.03%	2.14%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Reconciliation of present value of fund obligation:	2014 R	2013 R
Present value of fund obligation at the beginning of the year	554,977	481,619
Total expenses	42,000	37,383
Interest Cost	42,000	37,383
Actuarial (gains)/losses	25,201	35,975
Present value of fund obligation at the end of the year	622,178	554,977
Less: Transfer of Current Portion - Note 4	(73,152)	(59,253)
Balance 30 June	**549,026**	**495,724**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		622,178	
Benefit increase rate	+1%	660,809	6%
	-1%	586,772	-6%
Discount rate	+1%	587,753	-6%
	-1%	660,178	6%
Average retirement age	-1yr	632,890	2%
Withdrawal Rate	-50%	637,243	2%

3.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND	2014 R	2013 R
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in an sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%).		
Contributions paid recognised in the Statement of Financial Performance	2,877,870	2,691,831

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.10.% (30 June 2012 - 108.0%).

Contributions paid recognised in the Statement of Financial Performance	133,831	121,393

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance		
SAMWU National Provident Fund	**838,295**	**801,068**

		2014 R	2013 R
4	**CURRENT EMPLOYEE BENEFITS**		
	Current Portion of Post Retirement Benefits - Note 3	773,676	743,940
	Current Portion of Long-Service Provisions - Note 3	103,446	194,551
	Current Portion of Ex - Gratia Benefits - Note 3	73,152	59,253
	Provision for Staff Leave	1,324,964	1,572,216
	Provision for Performance Bonuses	111,178	105,129
	Staff Bonuses accrued	563,362	603,496
	Total Current Employee Benefits	**2,949,777**	**3,278,585**
	The movement in current employee benefits are reconciled as follows:		
	Provision for Staff Leave		
	Balance at beginning of year	1,572,216	496,393
	Contribution to current portion	(152,500)	1,249,502
	Expenditure incurred	(94,752)	(173,679)
	Balance at end of year	**1,324,964**	**1,572,216**
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
	Provision for Performance Bonuses		
	Balance at beginning of year	105,129	267,424
	Contribution to current portion	166,766	162,295
	Expenditure incurred	(160,717)	(324,590)
	Balance at end of year	**111,178**	**105,129**
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
	Staff Bonuses accrued		
	Balance at beginning of year	603,496	504,550
	Contribution to current portion	1,126,724	1,484,714
	Expenditure incurred	(1,166,858)	(1,385,768)
	Balance at end of year	**563,362**	**603,496**
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
5	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	3,024,487	4,616,026
	Roads - Sundry creditors	1,878,549	1,243,996
	Balance previously reported		-
	Re-allocation from Unspent Grant to Trade Payables - Note 28.2		1,243,996
	Sundry Creditors	820,441	496,247
	Balance previously reported		595,887
	Re-allocation from Trade Payables to Compensation Commission expense - Note 28.13		(153,469)
	Payment for VS Malapi taken to trade receivables. Payables duplicated - Note 28.2		53,829
	Total Trade Payables	**5,723,477**	**6,356,269**
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
	The carrying value of trade and other payables approximates its fair value.		

		2014 R	2013 R
6	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	1,253,371	1,730,138
	National Government Grants	238,044	855,962
	Provincial Government Grants	865,452	700,000
	Other Grant Providers	149,875	174,176
	Less: Unpaid Grants	154,108	147,022
	National Government Grants	83,169	73,526
	Provincial Government Grants	64,333	64,928
	Other Grant Providers	6,606	8,568
	Total Conditional Grants and Receipts	**1,099,263**	**1,583,116**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

7	**TAXES**		
7.1	**VAT RECEIVABLE**		
	VAT receivable	11,275	154,850
	Total VAT receivable	**11,275**	**154,850**
7.2	**NET VAT RECEIVABLE/(PAYABLE)**	**11,275**	**154,850**

VAT is receivable/payable on the cash basis.

8 PROPERTY, PLANT AND EQUIPMENT

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Reconciliation of Carrying Value	Cost				Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment R	Disposals R	Closing Balance R	R
Land and Buildings	**2,841,060**	-	-	**2,841,060**	**1,217,463**	**44,987**	-	-	**1,262,450**	**1,578,610**
Land	229,000	-	-	229,000	-	-		-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,217,463	44,987	-	-	1,262,450	1,349,610
Community Assets	**1,031,424**	-	-	**1,031,424**	**144,146**	**28,622**		-	**172,768**	**858,656**
Buildings	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Other Assets	**4,154,912**	**378,378**	**(228,114)**	**4,305,176**	**2,594,745**	**235,207**	-	**(148,522)**	**2,681,430**	**1,623,746**
Machinery and Equipment	651,221	-	-	651,221	415,326	3,569	-	-	418,895	232,326
Furniture and Equipment	1,315,465	3,567	(26,309)	1,292,722	749,977	28,719	-	(23,536)	755,160	537,563
Office Equipment - Computers	876,875	94,812	(80,188)	891,499	610,026	154,337	-	(75,436)	688,926	202,572
Motor vehicles	1,311,350	280,000	(121,617)	1,469,733	819,416	48,582	-	(49,550)	818,448	651,285
	8,027,396	**378,378**	**(228,114)**	**8,177,660**	**3,956,354**	**308,816**	-	**(148,522)**	**4,116,648**	**4,061,012**

30 JUNE 2013

Reconciliation of Carrying Value	Cost				Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment	Disposals R	Closing Balance R	R
Land and Buildings	**2,841,060**	**-**	**-**	**2,841,060**	**1,130,018**	**87,446**	**-**	**-**	**1,217,463**	**1,623,597**
Land	229,000	-	-	229,000	-	-		-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,130,018	87,446		-	1,217,463	1,394,597
Community Assets	**1,031,424**	**-**	**-**	**1,031,424**	**109,788**	**34,357**		**-**	**144,146**	**887,278**
Buildings	1,031,424	-	-	1,031,424	109,788	34,357		-	144,146	887,278
Other Assets	**4,930,744**	**68,442**	**(844,273)**	**4,154,912**	**2,728,008**	**449,009**	**18,782**	**(601,054)**	**2,594,745**	**1,560,167**
Machinery and Equipment	711,196	24,587	(84,562)	651,221	395,106	91,717	2,264	(73,761)	415,326	235,895
Furniture and Equipment	1,318,349	29,806	(32,690)	1,315,465	624,372	149,883	4,243	(28,522)	749,977	565,489
Office Equipment - Computers	1,109,030	14,049	(246,204)	876,875	683,107	126,946	12,274	(212,302)	610,026	266,849
Motor vehicles	1,792,168	-	(480,818)	1,311,350	1,025,423	80,463		(286,470)	819,416	491,934
	8,803,228	**68,442**	**(844,273)**	**8,027,396**	**3,967,814**	**570,812**	**18,782**	**(601,054)**	**3,956,354**	**4,071,042**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

The effect of the Change in Accounting estimates due to the review of useful lives and residual values is as follows:	2014 R	2015 R	2016 R
Increase / (Decrease) in depreciation on other assets for the year	(29,810)	(80,426)	(80,426)

		2014 R	2013 R
9	**INTANGIBLE ASSETS**		
	Computer Software		
	Net Carrying amount at 1 July	**80,429**	**122,990**
	Cost	252,043	252,043
	Accumulated Amortisation	(171,614)	(129,053)
	Additions	18,755	-
	Disposals	(20,066)	-
	Amortisation	(30,822)	(42,561)
	Net Carrying amount at 30 June	**48,296**	**80,429**
	Cost	137,697	252,043
	Accumulated Amortisation	(89,402)	(171,614)

The following material intangible assets are included in the carrying value above

		Carrying Value	
	Remaining Amortisation	2014	2013
Description	Period	R	R
Microsoft Office and other software	5	48,296	80,429

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

10	**NON-CURRENT INVESTMENTS**		
	Unlisted investments comprise of the following. Valuations of investments supplied by council		
	Central Karoo Economic Development Agency SOC Ltd		
	Cost	**100**	**100**
	Opening Balance	**237,534**	**-**
	Contribution	**442,342**	**237,534**
	Impairment	**(679,977)**	**(237,634)**
		-	**-**

		2014 R	2013 R
11	**LONG-TERM RECEIVABLES**		
	Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	7,186,799	8,300,652
	Department of Transport: Roads - Long Service Awards (Note 3.2)	1,044,126	966,656
	Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	622,178	554,976
		8,853,103	7,822,284
	Less: Current portion transferred to current receivables	(501,706)	(541,268)
	Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	(357,144)	(361,873)
	Department of Transport: Roads - Long Service Awards (Note 3.2)	(71,410)	(120,142)
	Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	(73,152)	(59,253)
		8,351,397	7,281,016
	Total Long Term Receivables	**8,351,397**	**7,281,016**

DEPARTMENT OF TRANSPORT: ROADS

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor.

The carrying amount of these assets approximates their fair value.

12	**INVENTORY**		
	Maintenance Materials - At cost	1,098,944	836,435
	Consumable Stores - Stationery and materials - At cost	35,040	42,821
	Total Inventory	**1,133,984**	**879,256**
	Inventory recognised as an expense during the year	**1,679,469**	**2,452,911**

No inventory assets were pledged as security for liabilities.

13	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Other Debtors	560,552	487,026
	Balance previously reported		416,665
	Correction of error note 27.5		(109,442)
	Correction of error note 27.5		179,803
	Total Receivables from Non-Exchange Transactions	**560,552**	**487,026**
	Less: Allowance for Doubtful Debts	(434,009)	(281,529)
	Total Net Receivables from Non-Exchange Transactions	**126,543**	**205,497**

Reconciliation of Provision for Bad Debts

Balance at beginning of year	281,529	-
Contribution to provision/(Reversal of provision)	152,479	281,529
Bad Debts Written Off	-	-
Balance at end of year	**434,009**	**281,529**

The entire provision for bad debts relates to outstanding balances older then 180 days.

14	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Roads - Sundry debtors	-	1,315,640
	Total Net Receivables from Non-Exchange Transactions	**-**	**1,315,640**

15 **OPERATING LEASE ARRANGEMENTS**

Operating leases currently under the control of the Central Karoo District Municipality has no end date to the contracts. There will therefore be no calculation for the smoothing of these leases.

		2014 R	2013 R
16	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	1,300,000	1,300,000
	Bank Accounts	3,254,748	529,733
	Cash Floats	1,300	1,300
	Total Cash and Cash Equivalents - Assets	**4,556,048**	**1,831,033**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R1300000 are held to fund the Unspent Conditional Grants (2013: R1300000).

Bank overdraft facility of R2 000 000 exists at FNB.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Account Number 1540 0000 14 (Cheque Account) First National Bank Account Number 6206 2151 429 (Cheque Account) Combined Accounts	3,254,748	529,733
	3,254,748	**529,733**

ABSA Bank Account Number 1540 0000 14 (Cheque Account)

Bank statement balance at beginning of year	32,982	384,089
Bank statement balance at end of year	2,217,730	32,982

First National Bank Account Number 6206 2151 429 (Cheque Account)

Bank statement balance at beginning of year	344,939	(888,367)
Bank statement balance at end of year	987,398	344,939

Combined Accounts

Cash book balance at beginning of year	529,733	(1,621,640)
Cash book balance at end of year	3,254,748	529,733

Both bank accounts are posted to a single cash book in the general ledger

Call Investments Deposits

Call investment deposits consist out of the following accounts:

First Rand Bank Limited - 6223 6004 355	1,300,000	1,300,000
Balance previously reported		1,356,004
Correction of error note 28.14		(56,004)
	1,300,000	**1,300,000**

		2014 R	2013 R
17	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**14,638,000**	**12,981,000**
	Equitable Share	14,638,000	12,981,000
	Conditional Grants	**6,490,136**	**7,236,923**
	Grants and donations	6,490,136	7,236,923
	Total Government Grants and Subsidies	**21,128,136**	**20,217,923**
	Government Grants and Subsidies - Operating	21,128,136	20,217,923
		21,128,136	**20,217,923**
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	14,638,000	12,981,000
	Budget and Treasury	2,297,938	1,253,654
	Corporate Services	2,687,566	3,405,183
	Planning and Development	1,014,027	1,003,262
	Health	490,605	1,574,824
		21,128,136	**20,217,923**
	The municipality does not expect any significant changes to the level of grants.		
17.1	**Equitable share**		
	Opening balance	-	-
	Grants received	14,638,000	12,981,000
	Conditions met - Operating	(14,638,000)	(12,981,000)
	Conditions met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
17.2	**Health Subsidy**		
	Opening balance	(39,108)	(65,073)
	Grants received	426,966	1,544,854
	Conditions met - Operating	(426,371)	(1,518,889)
	Conditions still to be met	**(38,514)**	**(39,108)**
	Health subsidies was used fund primary health care services in the municipal area.		

17.3 Local Government Financial Management Grant (FMG)	2014 R	2013 R
Opening balance	(3,654)	-
Grants received	1,250,000	1,250,000
Conditions met - Operating	(1,248,414)	(1,253,654)
Conditions still to be met	**(2,068)**	**(3,654)**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

17.4 Municipal Systems Improvement Grant		
Opening balance	(3,262)	-
Grants received	890,000	1,000,000
Conditions met - Operating	(949,727)	(1,003,262)
Conditions still to be met	**(62,988)**	**(3,262)**

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

		2014 R	2013 R
17.5	**Working for Water**		
	Opening balance	765,196	817,196
	Grants received	1,118,144	2,204,538
	Conditions met - Operating	(1,736,063)	(2,256,538)
	Conditions still to be met	**147,278**	**765,196**
	Grant utilised for the eradication of alien vegetation.		
17.6	**Other Grants**		
	Opening balance	863,944	(288,846)
	Grants received	2,321,172	2,337,370
	Conditions met - Operating	(2,129,562)	(1,204,580)
	Conditions still to be met	**1,055,554**	**863,944**
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
17.7	**Total Grants**		
	Opening balance	1,583,117	483,277
	Grants received	20,644,282	21,317,762
	Conditions met - Operating	(21,128,136)	(20,217,922)
	Conditions still to be met/(Grant expenditure to be recovered)	**1,099,263**	**1,583,117**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	1,253,371	1,730,138
	Unpaid Conditional Government Grants and Receipts	(154,108)	(147,022)
		1,099,263	**1,583,117**
18	**AGENCY SERVICES**		
	Commission on Agency services: Department of Transport: Western Cape	3,053,380	2,892,849
		3,053,380	**2,892,849**
	The municipality has service level agreements with Department Transport Western Cape		
19	**OTHER INCOME**		
	Contributions from shared services with Beaufort West Municipality	136,521	79,602
	Contributions from shared services with Laingsburg Municipality	43,295	-
	Contributions from shared services with Prince Albert Municipality	122,167	602,490
	Sundry Income	29,515	197,412
	Photostat and Faxes	5,387	2,322
	Commission	18,310	16,801
	Samples: Milk and Water	330,137	212,701
	Milk Sales	374,500	290,530
	Insurance Claims	-	62,287
	Total Other Income	**1,059,832**	**1,464,145**

20	EMPLOYEE RELATED COSTS	2014 R	2013 R
	Employee Related Costs - Salaries and Wages	6,182,342	6,267,614
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	573,721	598,617
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	653,380	760,508
	Housing Benefits and Allowances	40,152	49,213
	Overtime Payments	4,776	5,007
	Bonuses	360,798	427,243
	Leave Provision	(66,933)	419,262
	Contribution to provision - Long Service Awards	126,225	40,796
	Contribution to provision - Post Retirement Medical	288,766	313,938
		8,163,227	8,880,199
	Less: Employee Costs allocated elsewhere	(223,413)	-
	Total Employee Related Costs	**7,939,814**	**8,880,199**

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year contract and all the other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr S Jooste		
Annual Remuneration	898,082	731,958
Travelling Reimbursement	240,000	200,000
Performance Bonuses	99,646	94,371
Telephone allowance	18,000	13,200
Contributions to UIF, Medical, Pension Funds and Bargaining Council	44,476	42,133
Total	**1,300,205**	**1,081,662**
Remuneration of the Chief Financial Officer		
Annual Remuneration	-	19,894
Leave Payments	-	55,261
Total	**-**	**75,154**
Remuneration of the Director Technical Services		
Annual Remuneration	567,846	533,095
Traveling Reimbursement	100,000	100,000
Performance Bonus	67,120	63,323
Contributions - UIF, Medical, Pension	140,834	131,513
Total	**875,800**	**827,931**
Remuneration of the Director Corporate and Support Services		
Annual Remuneration	840,570	661,324
Traveling Reimbursement	72,000	84,000
Performance Bonus	-	60,635
Cell Phone Allowance	-	7,360
Contributions - UIF, Medical, Pension	164,986	132,545
Total	**1,077,557**	**945,863**

		2014	2013
21	**REMUNERATION OF COUNCILLORS**	R	R
	Mayor	697,771	696,873
	Executive Committee Members	1,263,933	1,401,396
	Councillors	1,016,547	1,115,920
	Total Councillors' Remuneration	**2,978,251**	**3,214,189**

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members are full-time Councillors. Each are provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council Transportation when engaged in official duties.

22	**DEBT IMPAIRMENT**		
	Trade Receivables from non-exchange transactions - Note 13	152,479	281,529
	Debt impairment recognised in statement of financial performance	**152,479**	**281,529**
23	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	308,816	570,812
	Intangible Assets	30,821	42,561
		339,637	**613,373**
24	**IMPAIRMENTS**		
	Non-Current Investments	442,342	237,634
	Property, Plant and Equipment	-	18,783
		442,342	**256,417**
25	**FINANCE CHARGES**		
	Employee Benefits	1,180,887	1,001,590
	Less: Employee benefits transferred to Roads. Refer to note 11	(500,654)	-
	Finance leases	24,162	34,010
	Total finance charges	**704,395**	**1,035,600**

		2014 R	2013 R
26	**GENERAL EXPENSES**		
	Advertisements	28,432	25,442
	Anchor Projects	-	10,500
	Audit fees	495,205	759,167
	Bank Charges	43,366	116,152
	Compensation Commission	-	153,469
	Computer Expenses	405,128	53,754
	Economic Development Agency	-	196,639
	Electricity, Water and Sanitation	182,440	169,652
	Entertainment	3,720	4,830
	Entertainment: Deputy Mayor	9,973	9,535
	Entertainment: Mayor	89,834	90,591
	Entertainment: Speaker	9,000	11,064
	Expanded Public Works Program	951,503	898,373
	Fire Extinguishers	1,830	-
	Fuel and Oil	40,427	59,012
	Global Fund	57,093	1,809,631
	Furniture and Equipment	258	-
	Household Expenses	15,331	10,177
	Implement Projects	64,301	1,560
	Insurance General	101,867	97,957
	Integrated Development Plan : Economic	52,435	87,269
	Integrated Development Plan : Financial Services	641,482	537,692
	Integrated Development Plan : Revaluation	134,308	-
	Legal Fees	222,853	8,466
	Licences	-	1,332
	Membership Fees	470,470	417,598
	Milk Powder	259,527	314,681
	Nutrition Scheme	54,362	85,681
	Printing and Stationery	88,188	91,327
	Public Functions	36,060	51,611
	Rates	57,143	64,103
	Registration and Congress Fees	12,824	25,807
	Rent	73,316	66,050
	Samples: Milk, Water and Food	187,834	161,633
	Shared services	538,463	-
	Study Fund	(10,601)	24,016
	Sundry Expenditure	262,019	145,930
	Sundry Projects	412,111	110,470
	Telephone and Postage	222,933	343,713
	Training	42	23,988
	Training Fund	230,101	200,225
	Travel and Subsistence	810,314	781,018
	Travel and Subsistence: Council	462,065	199,086
	Travel Cost: Furniture	-	4,000
	Department of Transport - Roads Service Charges	34,595,109	27,015,073
	Work for Water Project	1,874,379	2,160,571
	General Expenses	**43,967,425**	**37,398,845**

27	**DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES**		
	Administration cost	4,094,171	-
	Advertising	6,982	8,836
	Bonusses	877,345	794,391
	Buildings	4,060	107,279
	Computer expenses	16,331	21,493
	Electricity	127,034	120,820
	Employee related cost	32,400	33,000
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	2,746,407	2,548,473
	Employee Related Costs - Salaries and Wages	11,359,509	10,999,349
	Entertainment	16,110	16,284
	Equipment	15,410	35,417
	Furniture & Fittings	3,282	59
	General Expenses	101,733	28,708
	Housing Benefits and Allowances	72,383	72,939
	Inventory	1,879,469	2,452,911
	Over time	949,291	586,479
	Private work	(26,244)	(19,065)
	Rates & Taxes	32,987	43,007
	Repairs & Maintenance	1,640,677	-
	Road workings	6,968,111	7,075,507
	Service contracts	2,842,503	1,124,517
	Stationary	29,921	48,743
	Telephone and Postage	182,987	174,325
	Training	13,260	4,517
	Travel and Subsistence	512,588	468,581
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	296,400	268,524
		34,595,109	**27,015,073**

		2013 R	2012 R
28	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
28.1	**Unspent Conditional Grant**		
	Balance previously reported - 30 June	**3,030,138**	
	Re-allocation from Unspent Grant to Trade Payables - Note 5 and Note 28.2	**(1,243,996)**	
	Correction of Surities - Note 27.14	**(56,004)**	
	Restated Balance	**1,730,138**	
28.2	**Payables from exchange transactions**		
	Balance previously reported - 30 June	**5,002,073**	**2,218,419**
	Re-allocation from Unspent Grant to Trade Payables - Note 5	**1,243,996**	
	Compensation commission payment not taken to Sundry expenses - Note 5	**153,469**	
	Payment for VS Malapi taken to trade receivables. Payables duplicated - Note 5	**(53,829)**	
	Council remuneration taken to other Income - Note 5	**(37,962)**	**(37,962)**
	Receivables restated as Payables	**48,522**	
	Restated Balance	**6,356,269**	**2,180,457**

		2013 R	2012 R
28.3	**Unpaid Conditional Grant**		
	Balance previously reported - 30 June	**1,462,662**	
	Re-allocation from Unpaid Grant to Receivables from exchange transactions - Note 28.7	**(1,315,640)**	
	Restated Balance	**147,022**	
28.4	**Receivables from Exchange Transactions**		
	Balance previously reported - 30 June	-	
	Re-allocation from Unpaid Grant to Receivables from exchange transactions - Note 14	**1,315,640**	
	Restated Balance	**1,315,640**	
28.5	**Accumulated Surplus/(Deficit)**		
	Balance previously reported - 30 June	**(9,156,724)**	**(8,200,345)**
	Correction of receivables from non-exchange transactions identified - Note 13 & 28.7	**(109,442)**	**(62,225)**
	Correction of payables from exchange transactions identified - Note 5 & 28.2	**(153,469)**	
	Correction of payables from exchange transactions identified - Note 5 & 28.2	**53,829**	
	Correction of receivables from non-exchange transactions identified - Note 13 & 28.7	**179,803**	
	Council remuneration taken to other income - Note 28.2	**37,962**	**37,962**
	Restated Balance	**(9,148,040)**	**(8,224,608)**
28.6	**Rental of Facilities and Equipment**		
	Balance previously reported - 30 June	**95,640**	**75,404**
	Correction of receivables from non-exchange transactions identified - note 13 & 28.7	**(47,217)**	**(62,225)**
	Restated Balance	**48,423**	**13,180**
28.7	**Receivables from Non exchange transactions**		
	Balance previously reported - 30 June	**416,665**	**423,367**
	Correction of receivables from non-exchange transactions identified - Note 28.5	**(109,442)**	**(62,225)**
	Correction of receivables from non-exchange transactions identified - Note 28.5	**179,803**	
	Restated Balance	**487,026**	**361,142**
28.8	**Employee related cost**		
	Balance previously reported - 30 June	**7,802,182**	
	Employee costs of finance interns previously shown as grant expenditure - Note 28.9	**1,078,017**	
	Restated Balance	**8,880,199**	
28.9	**Grants utilised**		
	Balance previously reported - 30 June	**27,015,073**	
	Employee costs of finance interns previously shown as grant expenditure - Note 28.8	**(1,078,017)**	
	Department of Transport expenditure previously shown as grant expenditure	**(25,937,056)**	
	Restated Balance	-	
28.10	**General expenditure**		
	Balance previously reported - 30 June	**11,308,320**	
	Road expenditure previously shown as grants utilised	**25,937,056**	
	Error in expense not recognised	**153,469**	
	Restated Balance	**37,398,845**	
28.11	**Internal Charges**		
	Balance previously reported - 30 June	**1,480**	
	Internal charges previously shown as other revenue note 28.12	**(1,480)**	
	Restated Balance	-	
28.12	**Other Income**		
	Balance previously reported - 30 June	**1,229,033**	**991,941**
	Internal charges shown as Sundry Income - Note 18	**1,480**	
	Correction of payables from exchange transactions identified - Note 5 & 28.2	**53,829**	
	Correction of other income corrected in 2013/2014 financial year - Note 19	**100,201**	
	Correction of other income corrected in 2013/2014 financial year - Note 19	**79,602**	
	Council remuneration taken to other income - Note 28.2		**37,962**
	Restated Balance	**1,464,145**	**1,029,903**

		2013 R	2012 R
28.13	**Compensation Commission**		
	Balance previously reported - 30 June	-	
	Compensation commission shown as sundry expenses - Note 28.2	**(153,469)**	
	Restated Balance	**(153,469)**	
28.14	**Cash and Cash Equivalents**		
	Balance previously reported - 30 June	**1,356,004**	
	Balance incorrectly disclosed - Note 16	**(56,004)**	
	Restated Balance	**1,300,000**	

		2014 R	2013 R
29	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	2,805,029	(923,433)
	Adjustments for:		
	Depreciation	308,815	570,812
	Amortisation of Intangible Assets	30,822	42,561
	Loss on disposal of property, plant and equipment	53,558	86,748
	Interest on Employee benefits	1,180,887	1,001,590
	Contribution to provisions – bad debt	152,479	281,529
	Contribution to short term employee benefits	(328,808)	1,182,699
	Contribution from/to employee benefits	670,266	494,302
	Actuarial Losses / (Gains)	452,687	324,718
	Non - cash movement in employee benefits	(1,030,819)	(430,877)
	Impairment written off	442,342	256,417
	Grants Received	20,844,282	21,317,762
	Grant Expenditure	(21,128,136)	(20,217,922)
	Operating Surplus/(Deficit) before changes in working capital	4,253,405	3,986,906
	Changes in working capital	(682,717)	(1,685,482)
	Increase/(Decrease) in Trade and Other Payables	(632,792)	4,175,812
	Increase/(Decrease) in Unspent and Unpaid Grants	0	(3,735,847)
	Increase/(Decrease) in Taxes	143,575	(1,165)
	(Increase)/Decrease in Inventory	(254,728)	318,832
	(Increase)/Decrease in Trade and other receivables	61,227	(2,443,114)
	Cash generated/(absorbed) by operations	**3,570,688**	**2,301,424**

30 **RECONCILIATION OF CASH FLOW STATEMENT**

Due to various retrospective adjustments made on the comparative figures for the year ending 30 June 2013 as disclosed in notes 28.8,28.9, 27.10 and 28.14, the comparative figures as disclosed in the Cash Flow Statement were also affected.

Other corrections also includes reclassification errors, as well as adjustments made for non-cash items incorrectly included in the Cash Flow Statements

The comparative figures were adjusted as follows:

	2013 (Previously reported) R	2013 (Adjustments) R	2013 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	4,500,718	(21,882,819)	26,383,538
Government	44,703,391	23,385,629	21,317,762
Interest	98,956	-	98,956
Payments			
Suppliers and employees	(19,896,553)	25,568,268	(45,464,821)
Finance charges	(34,010)	-	(34,010)
Transfers and Grants	(27,015,073)	(27,015,073)	-
Cash generated by operations	**2,357,429**	**56,004**	**2,301,425**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,151,373**		**2,095,367**
			-
Cash and Cash Equivalents at the beginning of the year	(264,336)	-	(264,336)
Cash and Cash Equivalents at the end of the year	1,887,037	(56,004)	1,831,033
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,151,373**		**2,095,367**

		2014 R	2013 R
31	**NON - CASH INVESTING AND FINANCING ACTIVITIES**		
31.1	**Employee benefits**		
	Movements for the year	1,122,953	819,021
	Non - Cash movement current portion of employee benefits	(1,070,381)	(304,111)
		52,572	514,910
31.2	**Current Employee benefits**		
	Movements for the year	(47,470)	170,225
	Non - Cash movement current portion of employee benefits	39,562	(126,766)
		(7,908)	43,459
31.3	**Long term receivables**		
	Movements for the year	1,070,381	304,111
	Non - Cash movement current portion of employee benefits	(1,070,381)	(304,111)
		-	-
31.4	**Short term receivables**		
	Movements for the year	(39,562)	126,766
	Non - Cash movement current portion of employee benefits	39,562	(126,766)
		-	-
32	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 16	1,300,000	1,300,000
	Cash Floats - Note 16	1,300	1,300
	Bank - Note 16	3,254,748	529,733
	Total cash and cash equivalents	**4,556,048**	**1,831,033**
33	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 32	4,556,048	1,831,033
		4,556,048	1,831,033
	Less:	1,253,371	1,730,138
	Unspent Committed Conditional Grants - Note 6	1,253,371	1,730,138
	Resources available for working capital requirements	**3,302,677**	**100,895**
34	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 2	105,009	157,307
	Used to finance property, plant and equipment - at cost	(105,009)	(157,307)
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

35 BUDGET COMPARISONS

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
35.1 Operational				
Revenue by source				
Government Grants and Subsidies - Operating	21,128,136	20,967,485	160,651	1%
Internal Charges	-	2,000	(2,000)	-100%
Rental of Facilities and Equipment	45,464	120,000	(74,536)	-62%
Interest Earned - external investments	177,620	180,000	(2,380)	-1%
Department of Transport - Roads Service Charges	34,595,109	30,434,439	4,160,670	14%
Licences and Permits	41,240	50,000	(8,760)	-18%
Agency Services	3,053,380	3,078,500	(25,120)	-1%
Other Income	1,059,832	3,064,051	(2,004,219)	-65%
	60,100,781	57,896,475	2,204,306	4%
Expenditure by nature				
Employee Related Costs	7,939,814	10,488,433	2,548,619	-24%
Remuneration of Councillors	2,978,251	3,100,000	121,749	-4%
Debt Impairment	152,479	-	(152,479)	-100%
Depreciation and Amortisation	339,637	394,484	54,847	-14%
Impairments	442,342	-	(442,342)	-100%
Repairs and Maintenance	53,955	50,000	(3,955)	8%
Finance Charges	704,395	444,085	(260,310)	59%
Contracted services	211,206	300,000	88,794	-30%
General Expenses	43,967,425	42,112,345	(1,855,080)	4%
Loss on disposal of Property, Plant and Equipment	53,558	-	(53,558)	-100%
Actuarial Losses	452,689	-	(452,689)	100%
	57,295,752	56,889,347	(406,405)	1%
Net Surplus for the year	**2,805,029**	**1,007,128**	**1,797,900**	179%

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
35.2 Expenditure by Vote				
Executive and Council	5,863,310	6,662,374	(799,064)	-12%
Budget and Treasury	4,553,462	6,580,878	(2,027,416)	-31%
Corporate Services	8,033,028	8,210,552	(177,524)	-2%
Planning and Development	1,190,514	2,150,774	(960,260)	-45%
Health	2,355,923	2,546,110	(190,187)	-7%
Public Safety	704,407	707,800	(3,393)	0%
Road Transport	34,595,109	30,030,859	4,564,250	15%
	57,295,753	**56,889,347**	**406,406**	1%

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2014 R	2013 R
36.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	491,020	1,836,948
Unauthorised expenditure current year - operating	4,564,250	491,020
Written off by council	(491,020)	(1,836,948)
Unauthorised expenditure awaiting authorisation	**4,564,250**	**491,020**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	*None*

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
Unauthorised expenditure current year - operating				
Corporate Services	8,033,028	8,210,552	(177,525)	-
Budget and Treasury	4,553,462	6,580,878	(2,027,416)	-
Health	2,355,923	2,546,110	(190,187)	-
Executive and Council	5,863,310	6,662,374	(799,064)	-
Planning and Development	1,190,514	2,150,774	(960,260)	-
Public Safety	704,407	707,800	(3,393)	-
Road Transport	34,595,109	30,030,859	4,564,250	4,564,250
	67,295,752	**56,889,347**	**406,405**	**4,564,250**

	2014 R	2013 R
36.2 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	2,812,553	597,126
Irregular expenditure current year	64,474	2,812,553
Condonement supported by council for the previous year	(2,812,553)	(597,126)
Condonement supported by council during the financial year	-	-
Irregular expenditure awaiting further action	**64,474**	**2,812,553**

Incident	Disciplinary steps/criminal proceedings		
Purchases made without tax clearance certificates	*None*	-	135,073
Preferential point system not applied in tender	*None*	-	-
Non-compliance with Supply Chain Management	*None*	-	102,714

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies as they are minor breaches.

36.3 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Deviations from the Supply Chain Management Regulations were identified on the following categories:

	Between R30,001 and R200,000	Up to R30,000
Emergency	-	42,022
Impractical	32,200	448,423
Sole Supplier	956,433	1,939,185
Grand Total	**988,633**	**2,429,630**

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Komatsu	Impractical procurement process. Official agents for Kumatsu.	317,634
Tosas	Impractical procurement process. Official agents for Tosas.	311,486
Murraysburg Vulstasie	Sole supplier of fuel and oil in Murraysburg.	188,737
ELB Equipment Ltd	Impractical procurement process. Official agents for certain parts required in machinery and equipment.	178,320
Victor se Garage	Sole supplier of fuel and oil in Merweville.	171,264
Deutz Diesel Power	Impractical procurement process. Official agents for certain parts required in machinery and equipment.	167,694
Barloworld Equipment	Impractical procurement process. Official agents for CAT.	157,282
Bell Equipment	Impractical procurement process. Official agents for Bell.	142,474
National Garage	Sole supplier of fuel and oil on credit in Prince Albert.	132,992
CP Nel Oudtshoorn	Impractical procurement process. Official agents for Chevrolet, Isuzu and Opel.	115,150
Total		**1,883,034**

		2014 R	2013 R
36.4	**Material Losses**		
	No material losses occurred		
37	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
37.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance	-	-
	Council subscriptions	470,470	400,000
	Amount paid - current year	(470,470)	(400,000)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
37.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year audit fee	495,205	759,167
	External Audit - Auditor-General	495,205	759,167
	Amount paid - current year	(495,205)	(759,167)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
37.3	**VAT - [MFMA 125 (1)(b)]**		
	Opening balance	154,850	153,685
	Amounts received - current year	(597,003)	(679,391)
	Amounts claimed - current year	430,878	680,557
	Closing balance - Receivable	**(11,275)**	**154,850**
	Vat in suspense due to cash basis of accounting		
	Input VAT	11,275	154,850
	Output VAT	-	-
	Receivable / (Payable)	11,275	154,850
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
37.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	(32,178)	(32,178)
	Current year payroll deductions and Council Contributions	3,638,491	3,360,959
	Amount paid - current year	(3,606,313)	(3,360,959)
	Balance unpaid (included in creditors)	-	**(32,178)**
37.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	1,390	1,390
	Current year payroll deductions and Council Contributions	3,312,304	3,614,292
	Amount paid - current year	(3,313,694)	(3,614,292)
	Balance unpaid (included in creditors)	-	**1,390**
37.6	**Unlisted investment in Central Karoo Economic Development Agency SOC Ltd - [MFMA 125 (1)(b)]**		
	Cost	100	100
	Owners contribution during the year	442,342	237,534
	Impairments	(442,442)	(237,634)
	Closing balance	-	-

		2014 R	2013 R
37.7	**Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**	**Outstanding more than 90 days**	**Outstanding more than 90 days**
	The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	Councillor MS Hangana	15,166	-
	Councillor IJ Windvogel	21,698	-
	Councillor J Bostander	4,633	-
		41,498	-

38 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2013 + 0.5%) Increase in interest rates	44,497	16,724
0.5% (2013 - 0.5%) Decrease in interest rates	(22,249)	(8,362)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No receivables are pledged as security for financial liabilities.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Investments to the value of R 2 000 000 were held as security for the overdraft facility at FNB. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	8,853,103	7,822,284
Receivables from exchange transactions	-	1,315,640
Receivables from non-exchange transactions	560,552	487,026
Cash and Cash Equivalents	4,556,048	1,831,033
Unpaid conditional grants and subsidies	154,108	147,022
	14,123,811	11,603,006

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2014	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Finance Lease Liability	76,459	108,317	-	-
Capital repayments	49,885	87,498	-	-
Interest	26,574	20,819	-	-
Trade and Other Payables	5,723,477	-	-	-
Unspent conditional government grants and receipts	1,253,371	-	-	-
Cash and Cash Equivalents	-			
	7,053,307	108,317	-	-

2013	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Finance Lease Liability	76,459	123,912	-	-
Capital repayments	52,298	105,009	-	-
Interest	24,162	18,903	-	-
Trade and Other Payables	6,356,269	-	-	-
Unspent conditional government grants and receipts	1,730,138	-	-	-
Cash and Cash Equivalents	-	-	-	-
	8,162,867	123,912	-	-

			2014 R	2013 R
39	FINANCIAL INSTRUMENTS			
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:			
39.1	Financial Assets	Classification		
	Long-term Receivables			
	Department of Transport: Roads - Post Employment Health Care Benefits	Financial instruments at amortised cost	6,829,655	5,938,779
	Department of Transport: Roads - Long Service Awards	Financial instruments at amortised cost	972,716	846,514
	Department of Transport: Roads - Ex-Gratia Pension Benefits	Financial instruments at amortised cost	549,026	495,723
	Receivables			
	Receivables from non-exchange transactions	Financial instruments at amortised cost	-	1,315,640
	Receivables from exchange transactions		560,552	487,026
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	154,108	147,022
	Current Portion of Long-term Receivables			
	Department of Transport: Roads - Post Employment Health Care Benefits	Financial instruments at amortised cost	357,144	361,873
	Department of Transport: Roads - Long Service Awards	Financial instruments at amortised cost	71,410	120,142
	Department of Transport: Roads - Ex-Gratia Pension Benefits	Financial instruments at amortised cost	73,152	59,253
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	1,300,000	1,300,000
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	3,254,748	529,733
	Cash Floats and Advances	Financial instruments at amortised cost	1,300	1,300
			14,123,811	**11,603,006**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		14,123,811	11,603,006
	At amortised cost		**14,123,811**	**11,603,006**

	FINANCIAL INSTRUMENTS (CONTINUE)		2014 R	2013 R
39.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	42,926	105,009
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	3,024,487	4,616,026
	Sundry creditors	Financial instruments at amortised cost	820,441	496,247
	Creditors Roads	Financial instruments at amortised cost	1,878,549	1,243,996
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	1,253,371	1,730,138
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	62,083	52,298
			7,081,857	**8,839,601**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**7,081,857**	**8,839,601**

40 EVENTS AFTER THE REPORTING DATE

The municipality has no events after the financial year ended 2013/2014.

41 IN-KIND DONATIONS AND ASSISTANCE

National Treasury under the MFMA reformed programme has seconded a MFMA advisor to assist to compliance and reporting matters.

42 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

43 CONTINGENT LIABILITY

No contingent liabilities have been noted during the current financial year.

44 RELATED PARTY TRANSACTIONS

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

44.1 Related Party transactions	2014 R	2013 R
Opening Balance	237,634	-
Additions to loan	442,442	237,634
Repayment of loan	-	-
Impairment of loan	(679,977)	(237,634)
Closing balance	100	-

44.2 Related Party Loans

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Central Karoo District Municipality:

* Municipal Manager

44.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 20 to the Annual Financial Statements.

44.3 Other related party transactions

No related party transactions occurred during the two financial years.

45 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio increased to 0.67:1 from 0.45:1 in the prior year.

The municipality have budgeted for a Surplus of R 1 007 281 for the 2013/2014 financial year. The municipality is also budgeting for positive cash flows during 2014/2015 and 2015/2016 amounting to R 926 703 and R 5 729 232 respectively.

Other Indicators

None noted.